

GOVERNMENT OF THE DISTRICT OF COLUMBIA
District of Columbia Public Schools (DCPS)



Public Hearing on

“Schools First in Budgeting Amendment Act of 2022”

Testimony of
Dr. Lewis Ferebee
Chancellor

Before the
Committee of the Whole
The Honorable Phil Mendelson, Chairman



Good afternoon, Chairman Mendelson, members of the Council, and staff. I am Dr. Lewis Ferebee, Chancellor, for DC Public Schools (DCPS). Thank you for the opportunity to speak before you today on the Schools First in Budgeting Act of 2022.

DCPS' School Budget Model

DCPS spent years developing our updated budget model in consultation with our school communities and school finance experts. The new budget model prioritizes equity, transparency, and sustainability. Among other things, this means that schools with greater needs *do* receive more -this is aligned to our agency's values. As one example, our updated model allocated over \$9.7M in funding via the model's at-risk concentration weights, benefiting the highest need schools in our system. Without these intentionally redistributive weights, those funds would have been spread more evenly throughout the system, with less funding targeted to those higher need schools.

I'd like to turn to specific improvements to the updated budget model, which is anchored in our three guiding principles of equity, transparency, and sustainability.

On the principle of equity, DCPS' new model doubles down on our commitment to equity by creating additional weights for students with higher needs and building in two at-risk concentration weights into the student-based budgeting component of the updated budget model. Further, the model delivers each school's share of their Uniform Per Student Funding Formula (UPSFF) at-risk funds as flexible grants, improving each school's ability to determine how to best utilize those funds to support their students who are at-risk. We are excited to continue to partner with the Council on the at-risk concentration weights replicated into the broader UPSFF this school year.

We have also achieved greater transparency with the dcpsbudget.com website as the main hub of school budget information. Among the features of the site, users can find school-specific budget profiles, which delineate funding streams and amounts, and articulate year over year shifts. Additionally, for the first time, DCPS posted for the public, flexible data files for both FY23 initial allocations and FY23 submitted budgets. We are excited to make this shift, which aligns with a request from school budget advocates.

I would now like to turn to the principle of sustainability. With sustainability in mind, DCPS has created a budget model that strikes an important balance: responding to each school's needs based on their unique population while accounting for year over year fluctuations in enrollment across our portfolio of schools.

Within the model itself, I want to be clear on what this looks like. Schools continue to be stabilized at a 95% level of their previous year's submitted local budget, regardless of enrollment shifts from year to year, as a baseline requirement, and in accordance with existing law. However, the updated budget model also features what we call a "safety net" calculation, which is designed to ensure that all schools are provided adequate resources to support a minimum set of core operational functions, regardless of what the model would otherwise generate based on the school's student projections. This balanced approach ensures stability while also allowing for funding to follow student need.



On top of the model's intrinsic stability features, the Mayor committed to holding all schools harmless in FY23, effectively raising the stabilization level from 95% to 100% for this school year. Additionally, the Mayor has delivered funding to schools via the Mayor's Recovery Fund, intended to maximize schools' buying power in the context of rising personnel costs and help address additional needs coming out of the pandemic. The Mayor's Recovery Fund will continue as an additional support for schools in FY24, with final allocations to be determined during the upcoming budget formulation cycle.

Chairman's Proposed Legislation

The proposed legislation as written is problematic for several reasons. The Council's proposed legislation stops our continued progress as an LEA to align resources with student need, creates a new baseline for allocations at an extraordinary point in time during a global pandemic, legislates process rather than outcomes, and does not allow for judicious stewardship of the city's resources.

As far as the proposed bill text is concerned, there are several areas that are simply unworkable. First, the bill creates a new cap on central administration and school support budget categories. This appears to be an arbitrary cap on services that are centrally budgeted, with the established threshold not based in any specific modeling of the centralized services that DCPS provides. These services play a critical role in efficiently supporting schools through economies of scale and mitigating agency and city risks through ensuring systemic oversight and compliance. Our central administration supports the administrative, operational, and instructional needs of students, teachers, and schools, from providing food and security services to curriculum development and support. We estimate that if this proposed bill were enacted in our FY23 budget, the budget for central administration would need to be reduced by approximately \$20 million. This proposed bill would significantly decrease, if not eliminate, a number of services to our schools at a time when we are already experiencing significant staffing and resource challenges. In fact, the caps on central office – combined with the costs central office would need to bear from the provisions requiring school budget increases and limiting adjustments based on student served – would reduce DCPS' effectiveness as an LEA; limit our ability to provide resources, support, and oversight to all of our schools; and restrict our ability to target resources to students with the greatest need.

Additionally, the proposed budget development process includes several components which are not aligned with current practices. First, this bill creates a new, misaligned January 1st analysis point-in-time for school budgets. DCPS begins its budget work well in advance of January, with key planning activities happening in the fall in coordination with the Mayor's broader budget formulation process. Further, DCPS' current planning cycle leverages principals' submitted budgets for the prior year, which are the budgets incorporated into the Mayor's overall budget submission to the DC Council each spring. This is a practice which reliably provides a firm foundation on which budgets can be built, providing a consistent, verifiable, point-in-time reference.

Second, this bill describes several potential methods to account for inflationary costs. While DCPS supports this intent, and in fact accounts for rising costs in the process of establishing



position costs, which make up the bulk of the budget model, we note that the options proposed are problematic. For example, the annual CPI-U as prescribed by the legislation for the prior calendar year is not available until well into the new year, which is misaligned with both the timeline of the city's annual budget development process and our shared desire to give school communities enough time to develop their budgets before the Mayor's proposal is submitted to the Council.

The bill prescribes the projected percentage increase of the UPSFF foundation level as another inflationary option, but this input is similarly not available at the time required for analysis and presents a circular logic concern by integrating a financing tool's increase as a potential core assumption of the projected costs it is meant to cover.

Finally, this bill appears to give OCFO sole authority to determine average position costs, rather than support the existing planning and data analysis process between OCFO and DCPS that exists today, which should be preserved.

In the proposed transparency component, this bill prohibits DCPS from publishing a school budget that does not mirror the city's budget book and would require referring to that documentation as something other than a "budget." As we've noted before, there are several reasons that these numbers may appear differently in the two sources, based on the formats required for each, and we are committed to ensuring a clear crosswalk with our OCFO partners. However, we also want to ensure that school leaders and communities can work with their allocations in ways that are practical and easy to understand and are not bound by technical accounting conventions. For example, interagency funds, such as Title I, sit with the Office of the State Superintendent of Education as a technical accounting convention, and are not technically part of the DCPS budget. Surely, however, we should not deny principals the ability to see and budget their Title I funds simply because of an accounting practice.

In closing, we share many of the same values for our school communities, centered on common principles like equity, transparency, and sustainability. I agree that schools need both stability and support and know that this support comes every day from both staff in buildings and staff at central office. DCPS' updated budget model works because it embodies the best balance of our guiding principles for all our schools. It is a balance anchored in national best practice and developed with the input of national subject matter experts. This budget bill would disrupt the progress that we have made, force DCPS to come up with a new approach to budgeting to incorporate all of the budgeting requirements in this bill, create practical challenges based on unworkable provisions and timelines, result in deep cuts to central services and supports that benefit schools, and overall create destabilization at a unique and challenging time as we work to recover from a global pandemic. We look forward to continuing the work with school communities, the Council, and all DCPS budget stakeholders to continuously improve our commitments to these principles each successive budget year.

We firmly believe that our updated budget model moves DCPS closer to our vision of equity and excellence for all. We respectfully ask that the Council not pass this bill, and instead work with us to build upon that vision together. Thank you for the opportunity to speak to you today. I would be happy to answer any questions.

